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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
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8- 50391

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 07/01/17 AND ENDING 06/30/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: James Fox Securities, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1265 Carlsbad Village Drive, Suite 100

OFFICIAL USE ONLY

FIRM I.D. NO.

Carlsbad, CA 92008  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
James Fox (760) 908-6716  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
RH CPA

38-25 Bell Blvd, Bayside, NY 11361  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

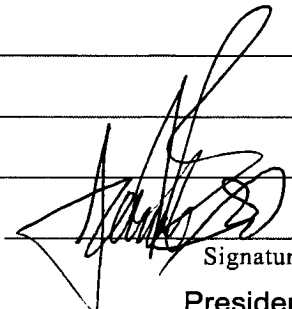
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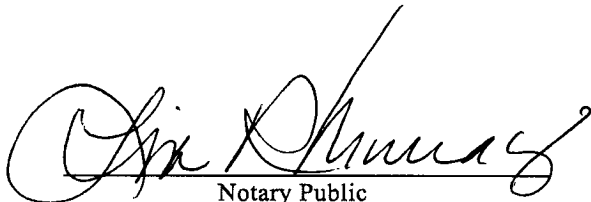
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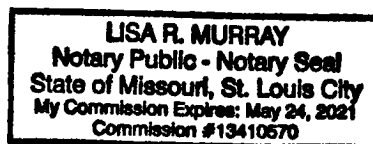
RMS

# OATH OR AFFIRMATION

I, James Fox, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of James Fox Securities, Inc., as of June 30, 20 18, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

State of MO

County of St. Louis

Subscribed and sworn to (or affirmed) before me on this 26<sup>th</sup> day of Sept., 2018 by

JAMES C. FOX proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Lisa R. Murray



38-25 Bell Blvd, Bayside, NY 11361

Tel: +1 914-343-2547

Email: Vivianhu@rhgroupcpa.com

### **Report of Independent Registered Public Accounting Firm**

To the Directors and Equity Owner of James Fox Securities, Inc.

#### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of James Fox Securities, Inc. (the "Company") as of June 30, 2018, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

#### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### **Supplemental Information**

The information contained in Schedules I and II ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, Schedules I and II are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*RH CPA*

RH CPA

We have served as the Company's auditor since 2018.

Bayside, New York

September 26, 2018

**James Fox Securities, Inc.**  
**Statement of Financial Condition**  
**June 30, 2018**

**Assets**

Cash	\$ 230
Deposit with clearing organization	25,000
Commissions receivable	3,721
Prepaid expenses	<u>3,430</u>
<b>Total assets</b>	<b><u>\$ 32,381</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable and accrued expenses	\$ 14,198
Income tax payable	<u>50</u>
<b>Total liabilities</b>	<b>14,248</b>

**Commitments and contingencies**

Contingent liability	<u>15,000</u>
<b>Total commitments and contingencies</b>	<b>15,000</b>

**Stockholder's Equity**

Common stock, \$0.01 par value, 100,000 shares authorized, 80,000 shares issued and outstanding	800
Additional paid-in capital	35,950
Accumulated equity (deficit)	(13,617)
Treasury stock	<u>(20,000)</u>
<b>Total stockholder's equity (deficit)</b>	<b><u>3,133</u></b>
<b>Total liabilities and stockholder's equity (deficit)</b>	<b><u>\$ 32,381</u></b>

*The accompanying notes are an integral part of these financial statements.*

**James Fox Securities, Inc.**  
**Statement of Income**  
**For the Year Ended June 30, 2018**

**Revenues**

Commissions	<u>\$ 52,897</u>
<b>Total revenues</b>	<b>52,897</b>

**Expenses**

Commission expense	6,700
Professional fees	14,644
Communications	1,952
Occupancy expense	2,150
Interest expense	2,889
Other operating expenses	<u>22,020</u>
<b>Total expenses</b>	<u>50,355</u>

<b>Net income (loss) before income tax provision</b>	<b>2,542</b>
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<b>Income tax provision</b>	<u>850</u>
<b>Net income (loss)</b>	<u><u>\$ 1,692</u></u>

*The accompanying notes are an integral part of these financial statements.*

**James Fox Securities, Inc.**  
**Statement of Changes in Stockholder's Equity (Deficit)**  
**For the Year Ended June 30, 2018**

	<u>Common</u> <u>Stock</u>	<u>Additional</u> <u>Paid-in Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Treasury</u> <u>Stock</u>	<u>Total</u>
<b>Balance at June 30, 2017</b>	\$ 800	\$ 32,950	\$ (15,309)	\$ (20,000)	\$ (1,559)
Additions to Pd-in Capital	-	\$ 3,000	-	-	\$ 3,000
Net income (loss)	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>-</u>	<u>1,692</u>
<b>Balance at June 30, 2018</b>	<u>\$ 800</u>	<u>\$ 35,950</u>	<u>\$ (13,617)</u>	<u>\$ (20,000)</u>	<u>\$ 3,133</u>

*The accompanying notes are an integral part of these financial statements.*

**James Fox Securities, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

**Cash flow from operating activities:**

Net income (loss)		\$ 1,692
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Commissions receivable	\$ 386	
Prepaid expenses	(535)	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(4,367)</u>	
Total adjustments		<u>(4,516)</u>
<b>Net cash provided by (used in) operating activities</b>		<b>(2,824)</b>

**Net cash provided by (used in) in investing activities** -

**Cash flow from financing activities:** -

Member's contribution	<u>3,000</u>	
<b>Net cash provided by (used in) financing activities</b>		<b><u>3,000</u></b>

**Net increase (decrease) in cash** 176

**Cash at beginning of year** 54

**Cash at end of year** **\$ 230**

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$ 2,889
Income taxes	\$ 850

*The accompanying notes are an integral part of these financial statements.*

**James Fox Securities, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING**

*General*

James Fox Securities, Inc. (the "Company") was incorporated in the State of Arizona on November 15, 1996 and operates an office in Carlsbad, California . The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker dealer that provides several classes of services, including the retail sale of corporate equity securities, corporate debt securities, mutual funds, and government securities over the counter.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession of control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Securities transactions and related commission revenues and expenses are recorded on a settlement date basis.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. For the year ended June 30, 2018, property and equipment are fully depreciated.



**James Fox Securities, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING**  
(Continued)

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax carry forwards. Deferred tax expenses or benefits are recognized as a result of changes in the tax basis of an asset or liability when measured against its reported amount in the financial statements.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements

**Note 2: DEPOSIT WITH CLEARING ORGANIZATION**

The Company has a brokerage agreement with Wedbush Securities, Inc. ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing broker. The Clearing broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at June 30, 2018 was \$25,000.

**Note 3: INCOME TAXES**

The Company is required to file income tax returns in both federal and state jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the Company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of June 30, 2018, the IRS has not proposed any adjustment to the Company's tax position.

**James Fox Securities, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 4: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 5: COMMITMENTS AND CONTINGENCIES**

The Company has a line of credit agreement with Union Bank under which it may borrow up to \$1,000. Borrowing on the line of credit bears interest at a fixed rate of 16.8%. At June 30, 2018, there is no balance outstanding.

On March 18, 2016, the Company entered into a settlement agreement and release. This agreement effectively cancelled a purchase and option agreement between the sole shareholder to sell his stock ownership of the Company to a third party. The agreement called for the cancellation of 20,000 shares of the outstanding common stock. The agreement also established a \$15,000 non-current contingent liability that will only become payable if the sole shareholder sells his shares in the company.

**Note 6: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

For the year ending June 30, 2018, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following ASU releases to determine relevance to the Company's operations.

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**James Fox Securities, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 7: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum equity capital net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on June 30, 2018, the Company had net capital of \$14,703 which was \$9,703 in excess of its required capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$14,248) to net capital was .97 to 1, which is less than the 15 to 1 maximum allowed.

**James Fox Securities, Inc.**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of June 30, 2018**

**Computation of net capital**

Common stock	\$ 800	
Additional paid-in capital	35,950	
Accumulated deficit	(13,617)	
Treasury stock	<u>(20,000)</u>	
<b>Total stockholder's equity</b>		<b>\$ 3,133</b>
Plus: Allowable Credit		
Contingent Liability	<u>15,000</u>	
<b>Total allowable credit</b>		<u>15,000</u>
Less: Non-allowable assets		
Prepaid expenses	<u>(3,430)</u>	
<b>Total non-allowable assets</b>		<u>(3,430)</u>
<b>Net capital</b>		<b>14,703</b>

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 950	
Minimum dollar net capital required	<u>5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<b><u>\$ 9,703</u></b>

Ratio of aggregate indebtedness to net capital .97: 1

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated June 30, 2018.

*See report of Independent Registered Public Accounting Firm.*

**James Fox Securities, Inc.**  
**Schedule II - Computation for Determination of the Reserve Requirement and Information**  
**Relating to Possession or Control Requirements for Brokers and Dealers**  
**Pursuant to SEC Rule 15c3-3**  
**As of June 30, 2018**

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. Accordingly, there are no items to report under the requirements of this Rule.

*See report of Independent Registered Public Accounting Firm.*

**James Fox Securities Inc.**  
**Report on Exemption Provisions**  
**Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)**  
**For the Year Ended June 30, 2018**

Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) James Fox Securities, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which James Fox Securities, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) James Fox Securities, Inc. stated that James Fox Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. James Fox Securities, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about James Fox Securities, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*RH CPA*

RH CPA

Bayside, New York  
September 26, 2018

## Assertions Regarding Exemption Provisions

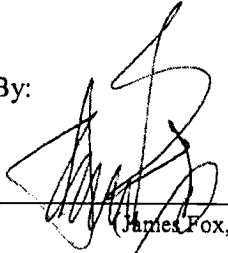
We, as members of management of James Fox Securities, Inc. ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

The Company met the identified exemption provision without exception throughout the most recent fiscal year ending June 30, 2018.

**James Fox Securities, Inc.**

By:

  
\_\_\_\_\_  
(James Fox, President)

September 26, 2018

\_\_\_\_\_  
(Date)



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